

# **THE OFFICE OF REGULATORY STAFF**

## **SETTLEMENT TESTIMONY**

**OF**

**CAREY M. FLYNT**

**July 8, 2009**



**DOCKET NO. 2009-4-G**

**ANNUAL REVIEW OF  
PURCHASED GAS ADJUSTMENT AND GAS  
PURCHASING POLICIES OF  
PIEDMONT NATURAL GAS COMPANY, INC.**

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**SETTLEMENT AGREEMENT TESTIMONY OF CAREY M. FLYNT**

**FOR**

**THE OFFICE OF REGULATORY STAFF**

**DOCKET NO. 2009-4-G**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.**

**A.** My name is Carey M. Flynt. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the South Carolina Office of Regulatory Staff (“ORS”) as Manager of the Gas Department.

**Q. ARE YOU THE SAME CAREY M. FLYNT WHO PREFILED DIRECT TESTIMONY IN THIS DOCKET ON JUNE 25, 2009?**

**A.** Yes, I am.

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

**A.** I will discuss and offer testimony in support of the Settlement Agreement reached by the parties of record in the Annual Review of Purchased Gas Adjustment and Gas Purchasing Policies of Piedmont Natural Gas Company (“PNG or “Company”).

**Q. WOULD YOU PLEASE DESCRIBE THE SETTLEMENT AGREEMENT REACHED BY THE PARTIES AND FILED WITH THIS COMMISSION ON JULY 7, 2009.**

**A.** Yes. The Settlement Agreement affirms the Parties concurrence that:  
(1) PNG’s gas purchasing policies and practices during the Review Period were reasonable and prudent;

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1           (2) PNG properly adhered to the gas cost recovery provisions of its gas tariff and relevant  
2           Commission orders during the Review Period;

3           (3) PNG managed its hedging program during the Review Period in a reasonable and  
4           prudent manner consistent with Commission orders;

5           (4) the end-of-period balances for PNG's hedging and deferred gas cost accounts are  
6           those reflected in the testimony of ORS witness Daniel F. Sullivan; and

7           (5) the proposed changes to Piedmont's imbalance management and cash-out tariff  
8           provisions are just and reasonable and appropriate to protect the interests of Piedmont  
9           and its customers from potentially harmful imbalance activity on its system.

10   **Q.   IS IT THE OPINION OF ORS THAT THE COMMISSION'S APPROVAL OF**  
11   **THE SETTLEMENT AGREEMENT IS IN THE PUBLIC INTEREST?**

12   **A.**           Yes.   Following extensive review, examination and discussions, ORS has  
13           determined that the terms of the Settlement Agreement serve the public interest. The  
14           Settlement is offered by all parties as a fair, reasonable and full resolution of all issues in  
15           this proceeding as signified by all parties being signatories to the Settlement Agreement.

16                   S.C. Code Section 58-4-10(B) (1) through (3) reads in part as follows:

17  
18                   "... 'public interest' means a balancing of the following:

- 19  
20                   - concerns of the using and consuming public with respect to public utility  
21                   services, regardless of the class of customer;  
22                   - economic development and job attraction and retention in South  
23                   Carolina; and  
24                   - preservation of the financial integrity of the State's public utilities and  
25                   continued investment in and maintenance of utility facilities so as to  
26                   provide reliable and high quality utility services."  
27

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1                   ORS believes that the Settlement Agreement reached by the parties in this docket  
2                   balances the concerns of the using public while preserving the financial integrity of the  
3                   Company. Further, ORS believes that the Settlement Agreement does not inhibit  
4                   economic development.

5                   Therefore, ORS recommends that the Commission approve the Settlement  
6                   Agreement filed in this proceeding.

7   **Q.   DOES THIS CONCLUDE YOUR TESTIMONY?**

8   **A.**Yes it does.